

Guide to Federal Student Loans

If you apply for the FAFSA to qualify for financial aid at Florida Gateway College, you may be offered loans as part of your award offer. We understand that talking about loans can be a bit complicated, so we've decided to make this guide to help you understand the basics. Let's start.

What is a student loan?

A student loan is money borrowed from the government or a private lender in order to pay for college. The loan has to be paid back later, along with interest that builds up over time.

How does a student loan work?

When a student loan is taken out, it's usually only for one year of attendance and will be disbursed per semester within an academic year. For example, if you're borrowing for the academic year 2024-2025, you would get one disbursement at the beginning of fall semester 2023, and then another disbursement at the beginning of spring semester 2025. If you are going to attend school for the summer and you already received a loan for the fall and spring terms, you will need to submit a request to the Financial Aid Office to increase your loan and use it for the summer. This is only if you qualify.

What is the difference between federal student loans vs private student loans?

A federal student loan is a loan offered by the U.S. Department of Education. When you complete your Free Application for Federal Student Aid (FAFSA), your award letter details the money you'll receive for FGC in the form of grants, scholarships, work-study, and loans. Federal student loans are the only type of funding you'll need to pay back. Federal student loans tend to have more benefits than private loans:

- No need to pass a credit check.
- A low, fixed rate of interest.
- Several flexible repayment plans.
- No penalty for prepaying the loan.

Private student loans come from sources such as banks, credit unions, and other financial institutions. This type of loan is not requested through the FAFSA. It's important to consider federal student loans before you take out a private student loan because there are differences in interest rates, repayment options, and other features.

What are the different types of federal student loans?

Federal Student Loans	Available to	Who will pay the interest
Direct Subsidized	Available to undergraduate students who demonstrate financial need.	The U.S. Department of Education pays the interest while you're in school at least half-time, for the first six months after you leave school (grace period).
Direct Unsubsidized	Available to undergraduate and graduate students; there is no requirement to demonstrate financial need.	You are responsible for paying the interest during all periods.

Who qualifies for federal student loans?

Students must meet the following requirements to qualify for federal student loans:

- Enrolled or accepted for enrollment in an eligible degree or certificate program.
- Enrollment at least half-time (6 hours) at a school.
- U.S. citizenship or eligible non-citizenship.
- Satisfactory academic progress.
- Possession of a high school diploma or the equivalent.
- No default on any existing federal loans.

What is an interest rate?

An interest rate is best understood as the cost of borrowing a certain amount of money. Interest is calculated as a percentage of the unpaid principal amount. Unlike other forms of debt, such as credit cards and mortgages, federal student loans are daily interest loans, which means that interest accrues (accumulates) daily.

What are loan fees?

Most federal student loans have loan fees that are a percentage of the total loan amount. The loan fee is deducted proportionately from each loan disbursement you receive while enrolled in school. This means the money you receive will be less than the amount you actually borrow. You're responsible for repaying the entire amount you borrowed, not just the amount you received.

How do I repay my federal student loan?

With federal student loans, you don't need to make any payments as long as you stay enrolled at least part-time (6 credits). After graduation (6-month grace period), you'll be expected to make regular repayments. The Department of Education uses several loan servicers to handle the billing and other services on loans for Federal Direct Loan Program. Your loan servicer will contact you and set you up under the Standard Repayment Plan unless you tell your loan servicer you want a different repayment plan.

What is a loan servicer?

A loan servicer is a company that the Department of Education assigns to handle the billing and other services on your federal student loan on our behalf, at no cost to you. Your loan servicer will work with you on repayment options and will assist you with other tasks related to your federal student loans. Keep your contact information up to date so your loan servicer can help you stay on track with repaying your loans.

How can I accept, decline or reduce my loan?

In order to receive any federal student loan offered, you must accept, decline, or reduce the loan through your student account. For instructions on how to do it, please follow the steps below:

1. Access the **MyFGC portal** at my.fgc.edu or click on MyFGC at the top of the college website (www.fgc.edu).
2. Sign in using your college email address and password. If you are already signed into Microsoft Azure on your device, you will be taken directly to the portal homepage."
3. Click on "Financial Aid Self-Service"
4. Click on 'Award' link.
5. Click on 'Award for Aid Year'.
6. Select the '2024-2025' Aid Year from the drop-down box and press submit.
7. Click on the 'Accept Award Offer' tab to accept, decline or reduce any awards offered.

If you do not want the federal student loan on your financial aid offer, you do not need to accept it, just make sure to mark it as rejected. Remember that you'll be offered the maximum amount you're eligible to borrow. If you decide that you don't need to borrow that much money, you can enter the amount of money, to borrow less than the full amount you were offered. Make sure you have enough aid to cover your classes before declining or reducing loans and be aware, that this needs to be done before the loan is disbursed to your account.

What happens after accepting my federal student loan?

If you decide to accept any loan offered, you will need to complete the following steps before you can have the funds from your loans in your account:

1. **Entrance Counseling:** All first-time loan borrowers must complete the entrance counseling session. This is a brief online course that ensures you understand the responsibilities and obligations of student loan borrowing. If you have completed the entrance counseling in the past for Florida Gateway College, you will not need to complete this again. To complete your entrance counseling, go to <https://studentaid.gov/entrance-counseling/>
2. **Master Promissory Note (MPN):** 1-2 business days after accepting your loan, ALL loan borrowers must sign an MPN. This is a legally binding document in which you promise to repay your federal student loan(s), as well any accrued interest and fees to your lender or loan servicer. To sign your MPN go to <https://studentaid.gov/mpn/>

How will I get my loan money?

Once the previous steps are completed, the money from the federal student loan will be authorized to your account. This process normally takes 24 hours. The money from the federal loan will be applied to cover any tuition, fees, or other outstanding balances. If the loan money exceeds the tuition and fee charges, you can use a portion of the aid at the bookstore located at Florida Gateway College to buy books and supplies when the dates for book slips are available. If loan money remains, 45 days after all your classes started, you will receive a refund by check or direct deposit.

Why do I need to complete my Exit Counseling?

This requirement helps students to understand the fundamentals they need to know and manage their student loan debt. By Federal regulations, Florida Gateway College is required to notify every student at the school who borrowed a federal student loan under the following circumstances:

- Leaving school,
- Graduating,
- Dropping below half-time enrollment or
- Not attending school.

You will receive exit counseling information through your Wolves and personal email. It is important that you complete your exit counseling to understand repayment options and your rights and responsibilities as a borrower.

How do enrollment changes affect my loan?

Changes in your enrollment status can directly impact your eligibility for loans since you must be at least half-time (6 credits) in order to be eligible for a federal loan, your financial aid awards may be adjusted, and the grace period repayment of loans will begin.

If I total withdraw from a course or fail, what will happen to my federal student loan?

Financial aid is awarded under the assumption that you will remain enrolled and attending the credit hours for which your aid was awarded. If you are receiving financial aid (Grants or Loans) and you total withdraw (officially or unofficially) from the semester after beginning attendance, you may be responsible for paying back a portion of the financial aid received. This is known as a "Return to Title IV Funds" calculation (R2T4). Florida Gateway College is required to perform an R2T4 calculation to determine the amount of money you will need to return to the institution and the department of education.

If you have questions about your student loan or you have doubts about the legitimacy of the emails you receive about your loans, you can contact your financial aid office at (386) 754-4296 or the Department of Education at (852) 245-0505.